

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF MICHAEL) APPEAL NO. 07-A-2110
AND ALENA HOPE from the decision of the Board) FINAL DECISION
of Equalization of Ada County for tax year 2007.) AND ORDER
)

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing September 13, 2007 in Boise, Idaho, before Board Chairman Lyle R. Cobbs. Board Members Linda S. Pike and David E. Kinghorn participated in this decision. Appellants Michael and Alena Hope appeared. Chief Deputy Assessor Tim Tallman and Residential Appraiser Roderick Stolz appeared for Respondent Ada County. This appeal is taken from a decision of the Ada County Board of Equalization (BOE) denying the protest of the valuation for taxing purposes of property described as Parcel No. R1779500195.

The issue on appeal is the market value of an improved residential property.

The decision of the Ada County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$94,000, and the improvements' valuation is \$137,800, totaling \$231,800. Appellants request the land value remain at \$94,000 and the improvements' value be reduced to \$121,300, totaling \$215,300.

The subject property is a relatively large lot improved with a 2,028 square foot residence built in 1950. There is a finished basement with 1,338 square feet of the total area existing on the main level. The home has 1.75 baths according to county records.

Appellants argue the large 2007 increase in assessed value assigned to the subject improvements is incorrect where no improvements were made and significant repairs and maintenance are needed. Photographs of the needed repairs were shared at hearing. The roof covering is 20 years old with an estimated replacement cost of \$5,000 to \$7,500. Two chimneys

need repair with the maintenance estimated to cost between \$2,500 and \$3,000. Additionally the basement concrete is reported to be excreting lime. The full extent of this problem and the cost to cure is unknown. Possibly contractor cleanup and sealing may stop further leakage.

Appellant acknowledged the benefits of a large lot, but noted partial demolition and changes to a retail strip center located between subject and Vista Avenue had opened up a new exposure to the busy street. Considerable new traffic noise and visual distraction is reported.

Relating to a home equity line of credit, a bank Collateral Valuation Report was offered into evidence. Subject's "Appraised Value" was \$180,000 which Appellants believed was a little low. The value estimate appeared to be computer generated and dated in early February of 2007.

Appellants researched MLS listings and property advertisements for brick veneer homes of similar size and age to subject with large lots. Prices were reported to range from \$175,000 to \$239,900. It was opined this evidence supported taxpayers' value position of \$215,300. Both parties noted subject was not "spruced up" at the time of assessment like selling properties typically are.

The County presented an appraisal analysis of three (3), 2006 comparable sales in support of subject's assessed value. The sales were selected based on proximity to busy streets, improvement age and size, and improvement type, i.e. brick veneer and basements. Each sale property was smaller than subject in land area and improvement square footage. A worksheet presented the assessor's adjustments to sale prices for differences between the selling properties and subject. Adjustments of \$7,000 were made for property condition (\$5,000) and landscaping (\$2,000). These latter considerations were to address the spruce up factor. Appellants contend \$5,000 was only half the cost or adjustment appropriate to bring subject up

to sale condition. Among other adjustments, a land size variance was valued by the assessor at \$24,000, the largest dollar adjustment. In two cases, traffic and noise factors affecting the sale properties were considered worse and an adjustment of \$5,000 was made. After adjustments, the three sales indicated subject's value at \$233,125, \$227,785 and \$268,170. The assessor discussed the subjective and objective differences between subject and the comparable sales, and the associated adjustments, in notable detail.

The assessor felt the sales were comparable except in lot size. The taxpayer testified the first comparable sale took place before the demolition which opened up the property to new Vista Avenue traffic. Unadjusted sale prices were \$205,000, \$189,900 and \$215,000 respectively. A final point estimate of value was \$232,000 which was opined to support the accuracy of the original assessment. In closing, the County noted the cost-to-cure defects were not the same as the contribution to, or affect on, the property's overall market value.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

The question on appeal is the subject property's market value on January 1, 2007. See in particular Idaho Code Sections 63-205(1), 63-208(1) and 63-201(10). For statutory grounds, the assessor must delineate between the market value attributable to the land and that value associated with the improvements. The assessed value of the land and the improvements increased for 2007. On appeal, the value attributable to the improvements is specifically challenged.

Appellants present a bank valuation and evidence of market value from real estate advertisements. Maintenance issues with the subject improvements are detailed and in some instances the cost to repair or replace defects is presented. Additionally a recent negative impact on the subject property is discussed relating to the nearby busy and noisy Vista Avenue.

The County offered an analysis of three sales occurring in 2006. The comparability of the sales was generally considered to be good and adjustments were made to the sale prices for differences between the selling properties and subject. The County was generally quite attentive to the same value factors stressed in Appellants' case although with a different outcome.

On review, the Board finds Appellants have presented probative value evidence not fully or adequately considered in the assessor's valuation analysis. Some of the best value evidence is the adjusted sale prices presented by the County. However, a clear value indication was not in evidence as indicated by the broad range in sale prices and adjusted prices.

The comparable sales are fairly characterized as good or useful, but they were not highly similar or highly indicative of probable selling price. Adjustments both positive and negative were generally appropriate, if at times subjective. The Board notes the adjustments were significant, yielding a broad range of possible market value. The adjustments looked reasonable on the surface but were not well-supported by marketplace evidence or highly persuasive given the resulting figures. This is not to disparage the analysis or effort by the assessor. But the analysis together with the data fell short of being conclusive on the question of market value.

Factoring in the cost information presented by Appellants related to addressing needed and imminent repairs and replacements, along with due consideration of the exposure to Vista Avenue, a reduction in the assessed value is found to be warranted. The Appellants' value estimate (claim) was not found to be well supported by the appeal record.

Considering Respondent's correct assertion that cost and market value can be two different values, the Board adjudges subject's assessed value should be closer to the lower-end of the value range represented in the assessor's analysis of sales, and that the assessed value should be set at \$225,000. The indicated reduction shall be taken against the improvements. The Board will modify the value decision of the Ada County Board of Equalization accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Ada County Board of Equalization concerning the subject parcel be, and the same hereby is, modified to reflect a decrease to \$225,000 (land \$94,000 and improvements \$131,000.)

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED November 19, 2007